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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL AUDITED REPORT

FORM X-17A-5

PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-15 Thereunder

REPORT FOR THE PERIOD BEGINNING

01/01/06

AND ENDING

12/31/06

MM/DD/YY

MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Creditex Securities Corporation

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

875 Third Avenue

(No. and Street)

New York

New York

10022

(City)

(State)

(Zip Code)

Thomas Downey 212 323 8304

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Deloitte & Touche LLP

(Name - if individual, state last, first, middle name)

Two World Financial Center

New York

NY

10281

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒

Certified Public Accountant

☐

Public Accountant

☐

Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 19 2007

THOMSON
FINANCIAL

FOR OFFICIAL USE ONLY

* Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (06-02)

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OMB APPROVAL

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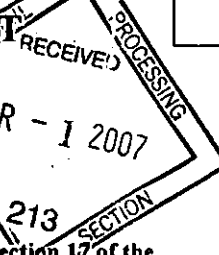
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8-65601

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AFFIRMATION

I, Catherine O'Connor, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental schedules pertaining to Creditex Securities Corporation (the Company), for the year ended December 31 2006, are true and correct. I further affirm that neither the Company nor any officer or director has any proprietary interest in any account classified solely as that of a customer.



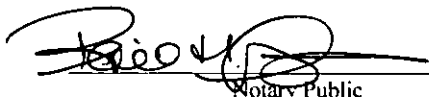
Catherine O'Connor
President

February 23, 2007

Date

Subscribed and sworn to before me.

On this 23rd of February 2007



Notary Public

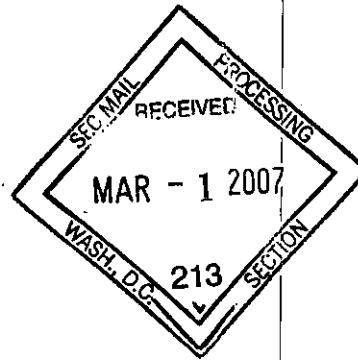
RENÉE M. FISHMAN

Notary Public, State of New York

No. 02F16146775

Qualified in New York County

Commission Expires May 22, 2010



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Two World Financial Center
New York, NY 10281-1414
USA

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder of
Creditex Securities Corporation

We have audited the accompanying statement of financial condition of Creditex Securities Corporation (the "Company"), (a wholly-owned subsidiary of CreditTrade Inc.), as of December 31, 2006, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such statement of financial condition presents fairly, in all material respects, the financial position of Creditex Securities Corporation at December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

February 23, 2007

CREDITEX SECURITIES CORPORATION
(A Wholly-Owned Subsidiary of CreditTrade Inc.)

STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2006

ASSETS

Cash	\$ 51,625
Receivable from clearing broker	693,752
Other assets	<u>15,909</u>
TOTAL	<u>\$ 761,286</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES:

Accounts payable and accrued expenses	\$ 102,404
Due to affiliates	<u>486,806</u>
Total liabilities	<u>589,210</u>

STOCKHOLDER'S EQUITY:

Common stock, par value \$0.01. Authorized, issued, and outstanding 44,000,000 shares	440,000
Accumulated deficit	<u>(267,924)</u>
Total stockholder's equity	<u>172,076</u>

TOTAL	<u>\$ 761,286</u>
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See notes to Statement of Financial Condition.

CREDITEX SECURITIES CORPORATION
(A Wholly-Owned Subsidiary of CreditTrade Inc.)

NOTES TO STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2006

1. GENERAL

Creditex Securities Corporation (the "Company") is registered as a broker-dealer under the Securities Exchange Act of 1934 and is a member of NASD. The Company is a wholly-owned subsidiary of CreditTrade, Inc. (the "Parent"). The statement of financial condition and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America.

The Company, in connection with its activities as a broker-dealer, does not hold funds or securities for customers. Accordingly, the Company is exempt from SEC Rule 15c3-3 pursuant to provision (k)(2)(ii) of such rule.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Securities Transactions—Proprietary securities transactions are recorded on a trade date basis. For the year ended December 31, 2006, the Company's principal transactions revenue was generated by bond trading.

Use of Estimates—The preparation of the statement of financial condition in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the statement of financial condition and the accompanying notes. The Company believes that the estimates utilized in the preparation of the statement of financial condition are prudent and reasonable. Actual results could differ materially from those estimates.

Income Taxes—Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets are also recognized for the future consequences of net operating loss carry forwards. Unless it is more likely than not that the deferred tax asset will be realized, a valuation allowance is established.

New Accounting Developments—In July 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, *Accounting for Uncertainties in Income Taxes—an Interpretation of FASB Statement No. 109* ("FIN 48"). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken in a tax return. The Company must presume the tax position will be examined by the relevant tax authority and determine whether it is more likely than not that the tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. A tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is currently evaluating the financial statement impact of adopting FIN 48.

In September 2006, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 157, *Fair Value Measurements*. SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the financial statement impact of adopting SFAS No. 157.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. This Statement provides a "Fair Value Option" under which a company may irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and liabilities. This Fair Value Option will be available on a contract-by-contract basis with changes in fair value recognized in earnings as those changes occur. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Statement also allows an entity to early adopt the Statement provided that the entity also adopts the requirements of SFAS No. 157. The Company is currently evaluating the financial statement impact of adopting SFAS No. 159.

3. RELATED PARTY TRANSACTIONS

At December 31 2006, the Company had \$486,806 payable to its affiliates which represents amounts owed for goods and services provided by various affiliates as well as an amount owed to an affiliate relating to trading activity.

4. NET CAPITAL REQUIREMENT

The Company is subject to the Uniform Net Capital Rule (Rule 15c3-1) under the Securities Exchange Act of 1934, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital both as defined, shall not exceed 15 to 1 and the rule also provides that equity capital may not be withdrawn or cash dividends paid if the restricting net capital ratio exceeds 10 to 1. The Company has elected to use the basic method permitted by Rule 15c3-1, which requires that the Company maintain minimum net capital, as defined, equal to the greater of \$5,000 or 6 ⅔% of aggregate indebtedness, as defined.

At December 31 2006, the Company had net capital, as defined, of \$156,167 which was \$116,886 in excess of its required net capital of \$39,281.

The Company's ratio of aggregate indebtedness to net capital was 3.77 to 1.

5. INCOME TAXES

The Company has net operating loss carryforwards of approximately \$268,000. The deferred tax asset associated with the Company's net operating loss carryforwards has been fully offset by a valuation allowance given the Company's historical operating results.

6. GOING CONCERN

The operations for the current and prior years did not generate sufficient cash to cover current obligations. The Parent has pledged its financial support to the Company for it to be able to continue as a going concern and for maintaining the minimum capital requirements as dictated by the NASD.

7. SUBSEQUENT EVENT

In January 2007, the Company entered into an equity contribution agreement with the Parent and Creditex Financing LLC (the Parent of CreditTrade Inc., the "Ultimate Parent") whereas the Ultimate Parent transferred and delivered to the Parent \$1,850,000 that was exclusively transferred and delivered to the Company as a contribution to, and investment in the Company as permanent equity capital.

* * * * *

February 23, 2007

Creditex Securities Corporation
875 Third Avenue, 29th floor
New York, NY 10022

In planning and performing our audit of the financial statements of Creditex Securities Corporation (the "Company"), (a wholly-owned subsidiary of CreditTrade Inc.), as of and for the year ended December 31, 2006 (on which we issued our report dated February 23, 2007), in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g), in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2006, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, NASD, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered broker-dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Deloitte & Touche LLP

END